

MEMORANDUM

TO: File
FROM: Division of Trading and Markets
RE: Meeting with Greg Smith
Date: August 27, 2013

On August 27, 2013, staff from the Division of Trading and Markets, Division of Corporation Finance, Division of Economic and Risk Analysis, and Division of Investment Management met with Greg Smith.

The purpose of the meeting was to discuss the proposed implementation of the Volcker Rule. Mr. Smith provided the staff with the attached agenda in advance of the meeting. The items on the agenda were the primary topics of discussion during the meeting.

Attachment

Agenda

1. Portfolio hedging and how it is used as an account for the bank to make macro bets (in things like volatility, mortgages, credit)
2. Market making (market making should be when a customer approaches a bank to facilitate a trade. Today, the bank decides what trade it wants to do - then it lines up clients to take the other side of the trade. This is no longer market making in my view - it is akin to proprietary trading).
3. The vital importance of including all structured products and derivatives as covered by Volcker Rule. This is where the vast majority of money gets made in the trading business.
4. Disclosure and fiduciary duty
5. Liquidity as a false argument to stifle the Volcker rule